

MICHIGAN NATURAL RESOURCES TRUST FUND

BOARD OF TRUSTEES MEETING

Minutes of April 20, 2005  
Clarion Hotel and Conference Center, 3600 Dunckel Drive, Lansing  
9:00 AM

The meeting of the Michigan Natural Resources Trust Fund (MNRTF) Board of Trustees commenced at 9:09 AM.

The following Board members were present:

Bob Garner  
Steven Hamp  
Lana Pollack  
Jim Thompson  
Sam Washington

Also in attendance were various staff members of the Department of Natural Resources (DNR) and other interested parties.

I. ADOPTION OF MINUTES FOR MEETING OF FEBRUARY 16, 2005.

Chairperson Washington called for the adoption of the February 16, 2005 Board meeting minutes.

**MOVED BY MR. HAMP, SUPPORTED BY MR. THOMPSON, TO APPROVE THE MINUTES OF THE FEBRUARY 16, 2005 MNRTF BOARD MEETING. MR. GARNER ABSTAINED FROM VOTING, AS HE WAS NOT IN ATTENDANCE AT THE FEBRUARY MEETING. PASSED.**

II. ADOPTION OF AGENDA FOR MEETING OF APRIL 20, 2005.

**MOVED BY MR. GARNER, SUPPORTED BY MR. HAMP, TO APPROVE THE AGENDA FOR THE APRIL 20, 2005 MNRTF BOARD MEETING. PASSED.**

III. PUBLIC APPEARANCES.

Ms. Mindy Koch, Resource Management Deputy, DNR – Gaylord to Cheboygan Trail.

Ms. Mindy Koch, Resource Management Deputy, DNR, provided the Board with an update of the Mullett Lake portion of the Cheboygan to Gaylord Trail. Staff has reviewed the two alternative routes that were proposed by the Gaylord to Cheboygan Workgroup. These two routes were then provided to DNR Field staff (Fisheries, Wildlife, Forest, Mineral and Fire Management and Recreation Specialists). Field staff reviewed the routes and presented information to the Natural Resources Commission's Land Management Committee at their last meeting in April. Both of these routes were found to have significant resources issues related to them. The two critical issues were the ones that have been raised in the past. One of the

issues was the trail going through the Pigeon River Country State Forest. This alternative was provided to the Pigeon River Advisory Council and not supported. The second alternative was the trail cross the Pigeon River, which is a designated natural river. It would take a new bridge to go over the river to provide snowmobile access. The Pigeon River Natural River Plan does not allow new bridges across the river system.

Ms. Koch stated that it was staff's recommendation to the Natural Resources Commission Land Management Committee not to approve either of the two proposed alternative routes. The next step will be for staff to go to the May Natural Resources Commission meeting and provide recommendations on the two alternative trails and the existing rail-trail system at Mullett Lake.

If there is a decision by the Natural Resources Commission to open the Mullett Lake portion of the Cheboygan to Gaylord Trail for snowmobiling, DNR staff will make a request of the MNRTF Board to remove their restriction.

At this point, Ms. Koch updated the Board on the trespass issues on the Mullett Lake portion of the trail. Significant progress has been made in slowing new trespasses. In addition, the DNR is getting very close to litigating many of the current trespass issues. The majority of trespasses on the trail involve a neighborhood association. DNR staff has been discussing these issues with their legal counsel.

Staff has had some success with getting some of the trespasses removed. In one situation, property owners built a road on the trail. The actual surface of the road was on the trail. DNR staff will be taking physical action to block off the road system this summer. The property owners are aware of this situation and that this is a trespass issue, and they will be sent a second notification so they understand the timing of when the road system will be blocked off.

Mr. Hamp asked what other kinds of trespasses were on the trail. Ms. Koch responded that there are a variety of trespasses.

Ms. Koch further stated that there is a workgroup now that is doing more detailed planning for development of the trail, as to what types of uses will be provided. This will be a multiple-use trail. At some point, the DNR may make the decision that we may not need to own the entire width of the trail, and this could be offered to the property owners. If the property is proposed to be sold, DNR staff will seek approval from the MNRTF Board to allow the sale. Proceeds from the sale of this property will return to the MNRTF.

Mr. Garner asked what was going to happen to the septic fields. Ms. Koch responded that the DNR has actually granted permission for some of the septic fields, but some are in trespass. We are going to try and resolve these issues without having to remove the septic tanks if at all possible. The septic tanks that DNR granted permission for are of a temporary use. Any time there is an opportunity for a sewage system to be put in place around Mullett Lake, these septic tanks will be removed. DNR has not been offering new permissions for septic systems. Also, there has been some construction on the trail for other activities, and the contractors have been ticketed for trespass.

Mr. Thompson asked about the gates that close off the entrance of the trail. In previous discussions it was noted that the gates would be modified for pedestrian traffic to move through. Ms. Koch responded that pedestrians can move through the gates, as well as mountain bikers. You cannot get a snowmobile or ORV through the gates. The gate closest to Indian River may be moved.

Mr. Thompson stated that from the pictures the Board was provided of the gates, it gives the appearance that you cannot enter. Ms. Koch responded that once the decisions are made as to what types of uses will be on the trail, the gating system will be looked at. If snowmobiling will be allowed, there may still be some gating system seasonally. If snowmobiling is not allowed, we will try to set up a different system that looks more enticing for nonmotorized uses.

Ms. Pollack asked in the interim, couldn't a sign be put up to state closed to motorized vehicles and nonmotorized uses welcome. Ms. Koch responded that this could be done.

Chairperson Washington asked if the trail was going to be open for motorized use, would there would be a formal request for a conversion. Ms. Koch responded yes.

Mr. Garner wondered if the restriction was being treated like a deed restriction. If the Natural Resources Commission lifts the restriction, can the MNRTF Board restrict the speed on the trail to 25 miles per hour or, in the future, restrict snowmobile use to four cylinders, which are not as loud or fast. Ms. Koch responded that in the MNRTF Board minutes, the Board has made it very clear that this portion of the trail is restricted to nonmotorized use. The Board may have the ability to modify the restriction; however, it will take a Director's Land Use Order to put a legal restriction on the trail. This would include speed restrictions and hours of operations of the trail. If it is decided that the trail will be open to snowmobiles, the Gaylord to Cheboygan Workgroup will look at what restrictions they would recommend putting in place on the trail.

Mr. Thompson stated that he was on the MNRTF Board when this trail project was approved. It was the intent of the Board at that time that the Mullett Lake portion be nonmotorized, but only if an alternate route could be found. Back then everyone said this should not be a problem, but evidently it has become one.

Chairperson Washington stated that he hopes the conversion request that comes to the Board contains the restrictions mentioned by Mr. Garner without the Board needing to deliberate them. This is a function of the Natural Resources Commission, and not the MNRTF Board. Staff reviews and prepares the conversion requests presented before the Board, and Mr. Washington encourages staff to make sure these types of restrictions are included.

Ms. Pollack also mentioned that she hopes it would come to the Board with the deed, deed restrictions, the minutes of the appropriate meetings and the entire history as was written and recorded at the time. Ms. Koch responded that the deed restrictions will be in a Director's Land Use Order. The minutes of the meeting will reflect this. The Land Use Order will be included as part of the package presented to the Board. She further mentioned that the MNRTF Board's minutes reflect direction to the DNR to "seek" an alternative route. She believes the DNR has met the standard of trying to seek an alternative route for the trail. Mr. Garner agreed.

Mr. John Griffith, President, North Woods Conservancy, Keweenaw County – 05-078, Gratiot River County Park Addition, Keweenaw County.

Mr. John Griffith, President of the North Woods Conservancy, made a presentation in support of 05-078, Gratiot River County Park Addition, Keweenaw County. The Keweenaw peninsula does not have much State, local or federal public access for hunting, fishing and recreation. Most of the land that was assumed to be public is owned by private corporations. With the destabilization of these corporations, the lakeshore property is being sold off and developed.

The proposed acquisition submitted by Keweenaw County is for the addition of 100 acres and 4,000 feet of Lake Superior shoreline to the Gratiot River County Park. This acquisition has the approval of all five township boards, the Zoning and Planning Commission, the Park Commission all community and conservation groups and broad public support.

Two years ago this property was slated for development of 22 homes and the North Woods Conservancy stepped in on an emergency basis to become the interim owner of the "Gratiot River North", immediately northeast of the county park. It was the intent of the Conservancy to hold the land for up to three years until it could be transferred into public ownership.

There was a 2003 MNRTF application submitted by the Houghton-Keweenaw Conservation District to acquire this property, but DNR staff stated that the application was ineligible to receive a grant because they were not a recreation authority. After this determination, DNR staff encouraged the acquisition application be resubmitted by the township or county.

Mr. Griffith provided a handout to the Board illustrating the property.

Mr. William Schultz, Chairman, DeTour Area Economic Development Corporation – 05-084, DeTour Waterfront Property Acquisition, Village of DeTour Village.

Mr. William Schultz, Chairman of the DeTour Area Economic Development Corporation, made a presentation in support of 05-084, DeTour Waterfront Property Acquisition, Village of DeTour Village. The property would provide recreational facilities and it is the last remaining piece of property that may be available for public use. Acquisition of this property could be an important key in providing jobs and tourism in the area.

The property is two acres in size and is located in the eastern portion of the Upper Peninsula. The property includes 800 feet of waterfront access along the St. Mary's River.

Ms. Claire Pirozzo, Treasurer, DeTour Chamber of Commerce – 05-084, DeTour Waterfront Property Acquisition, Village of DeTour Village.

Ms. Claire Pirozzo, Treasurer of the DeTour Chamber of Commerce, made a presentation in support of 05-084, DeTour Waterfront Property Acquisition, Village of DeTour Village. She advised the Board that the Chamber of Commerce is fully in support of this project. This would greatly benefit the business community by increasing tourism.

Mr. David Bardsley, President, DeTour Reef Light Preservation Society – 05-084, DeTour Waterfront Property Acquisition, Village of DeTour Village.

Mr. David Bardsley, President of the DeTour Reef Light Preservation Society, made a presentation in support of 05-084, DeTour Waterfront Property, Village of DeTour Village. This piece of property is the only available property where you can see the lighthouse from the Village of DeTour Village. On March 15, 2005 the lighthouse was listed in the National Register of Historic Places. On May 19, 2005 the lighthouse will receive the Governor's Award for Historic Preservation.

He provided information on the DeTour Reef Light Preservation Society for the Board's information.

Mr. Garner stated that about eight or nine months ago he had contact with staff from the Village of DeTour Village regarding development of a fish cleaning station on this property. A representative responded that this application is for the acquisition of the property. Development would follow in a subsequent application. Fishing is clearly one of the major activities. A fishing cleaning station will be developed this year and he believed it was to be funded by local businesses.

Mr. Tom Bailey, Executive Director, Little Traverse Conservancy.

Mr. Tom Bailey, Executive Director of the Little Traverse Conservancy, provided the Board with a handout of projects that the Conservancy has partnered with the MNRTF to complete. The projects are listed by name, value, purchase price, MNRTF grant, matching funds and project costs and notes. In many instances, the Conservancy has been able to negotiate the purchase price down from the appraised value of the property which would come from the DNR appraisal that was created as part of the MNRTF process.

There is a lot of attention being given at the federal level to the role that land conservation organizations are playing in projects that involve public funds. In the "project costs and notes" column, the Conservancy has made the disclosure of any funds that have accrued to the Conservancy as a result of projects. The Conservancy is not an eligible recipient for MNRTF monies.

The value of MNRTF properties acquired with the assistance of the Conservancy was \$23.4 million. The actual purchase price of the properties was \$15.4 million. This amounted to \$13 million from the MNRTF and \$8.6 million in matching funds.

The Conservancy acts as a free consultant for local units of government interested in acquiring property. It serves a five-county area (Emmet, Charlevoix, Cheboygan, Mackinac and Chippewa Counties). The Conservancy has a standing policy that because it receives indirect tax subsidies through its tax status, any local unit that approaches the Conservancy for technical help in applying for MNRTF acquisition funds, will be assisted. Some projects have been initiated by the Conservancy, often in partnership with the DNR, in order to protect lands or to bring into public domain.

Ms. Pollack stated that the Little Traverse Conservancy does great work and thanked Mr. Bailey. The partnership is excellent. She wondered if there was a discussion at the time on how to deal with pollution threats on the Bay Harbor Resort Township Parks acquisition. Mr. Bailey responded that East Park is closed at this time. Ms. Pollack wondered if the DNR does not handle this, can the Conservancy help. Mr. Bailey responded that there was extensive discussion at the time and before the MNRTF grant was processed, there was a covenant not to sue signed between the DNR, Attorney General and the developers of the property. As part of this, CMS Corporation assumed responsibility and liability. The agreements were in place when the parks were created. The property in East Park is covered by this agreement and CMS has indicated that they will be addressing the problems on that property. Ms. Pollack further stated that there will still be a season or two where people will not be able to access this property, both residents and the public.

Mr. Bailey explained to the audience that the Bay Harbor property is a former cement plant and shale lime facility near Petoskey which incorporates approximately five miles of shoreline. In the early 1990's the property was acquired by CMS Capital Corporation. They formed a partnership with Victor International Corporation to develop the property. There were some

piles of cement kiln dust left on the property. These piles of cement kiln dust have been on the property in the open for several decades. The development was to place a certain amount of earth fill over the cement kiln dust piles and then reclaim the area for recreational use. Two parks were created as a result of the project. The local support for the project was high.

The Conservancy worked with the developer to determine the amount of property desired for the parks. The developer has done what they said they would do, however, in the past couple of years contamination has been leaking into Little Traverse Bay from the kiln dust piles. At the time there was a covenant not to sue negotiated with the Hazardous Waste Division of the DNR (now part of the Department of Environmental Quality (DEQ)) and Attorney General's office. The Hazardous Waste Division had subjected the cement kiln dust to a number of tests. As a result of these tests, the East Park is closed and an area in the Bay Harbor development that has been designated off limits because of the pH of the water.

It is hoped that most of East Park can be reopened. It is just along the waterfront that the problem is occurring.

Mr. Hamp asked if there was a timetable for remediation of the property. Mr. Bailey responded that he did not know at this time. The Tip of the Mitt Watershed Council is following this more closely. He believes information on this could be accessed on their website. Ms. Pollack added that at the time Tip of the Mitt Watershed Council did say that the cheap way was being taken on the property.

Mr. Garner pointed out on the back of the handout was a chronology of the Kammer Recreational Land Trust Fund Act (now MNRTF) and what this fund was established for.

Mr. Dick Moehl, President, Great Lakes Lighthouse Keepers – 05-084, DeTour Waterfront Property Acquisition, Village of DeTour Village.

Mr. Dick Moehl, President of the Great Lakes Lighthouse Keepers, made a presentation in support of 05-084, DeTour Waterfront Property Acquisition, Village of DeTour. He supports this acquisition project and stated that DeTour Village has done a wonderful job of raising over \$1 million for this acquisition. The lighthouse is now on the National Register of Historic Places.

Mr. Moehl further stated that this project would provide a tremendous economic and social benefit for residents and visitors.

Mr. Ron Olson, Chief, Parks and Recreation Division, DNR – State Trail Partnership Planning.

Mr. Ron Olson, Chief of Parks and Recreation Division of the DNR, provided a PowerPoint presentation to outline the State trail partnership planning efforts involving linear trails. Mr. Paul Yauk, Land Program Manager for Parks and Recreation Division, assisted Mr. Olson in the presentation. There are 1,175 miles of State Trailways, with 977 miles being managed by Forest, Mineral and Fire Management Division (FMFM) (80%) and 198 miles managed by Parks and Recreation Division (PRD) (20%).

There are currently two approaches applied to trail management. This has led to different levels of maintenance and development and land use uses. The FMFM approach includes State ownership with support from local management partners and trail grant sponsors through the motorized trail program. The PRD approach includes State ownership and management at State expense.

The PRD's goal is to secure management partners for all five linear trails through lease agreements with local units of government pending the update of the 1992 Trails Plan. FMFM's goal is to secure management partners for specific trail head development and trail management projects.

Mr. Yauk continued the presentation by outlining the five linear trails and identifying potential management partners. These include:

- Kal-Haven – 22 miles. Two partners: Van Buren County and Kalamazoo County
- Van Buren Trail – 14 miles. One partner: Van Buren County.
- Lakelands Trail – 35 miles. Seven partners: Hamburg Township, Putnam Township, Unadilla Township, Stockbridge Township, Jackson County, Village of Stockbridge and Village of Pinckney.
- Hart-Montague Trail – 34 miles. Five partners: Oceana County, City of Montague, City of Whitehall, Dalton Township, and White Lake Chamber of Commerce.
- White Pine Trail – 92 miles. Ten partners: Kent County, Plainfield Township, City of Walker, City of Rockford, Village of Howard City, Village of Sand Lake, Village of Howard City, City of Big Rapids, City of Reed City and City of Cadillac.

Mr. Yauk outlined PRD's linear trail financial background. This includes:

- Corridors were purchased all or in part with support from the MNRTF.
- PRD expenditures far outweigh revenues.
- Trail expenditures prior to 2002 were \$628,000.
- Trail revenue peaked at \$120,000.
- In 2002, the PRD linear trail fee was discontinued.
- In 2003, trail revenue was \$632.
- Currently, the linear trail program is not a funded program, trails are no longer staffed, but PRD will address emergency repairs.

Due to budget issues and the loss of the trail fee, PRD initiated meetings in the spring of 2003 with local units of government to develop uniform trail management partnerships via long-term leases. Local units of government concluded that a local agreement would be beneficial due to recreation and tourism needs. One lease was signed (Putnam Township for six miles of the Lakelands Trail). Currently, 25 units of government, representing the five PRD linear trail consortium groups, are interested in entering into lease agreements.

At this point, Mr. Olson resumed with the presentation. Aspects of the proposed trail lease include:

- 20-year duration for operation and maintenance.
- Cancellation provision.
- Approved by the Attorney General's office.
- Provides for a uniform trail design.
- Provides for guidance to locals for uniform fee, if fee is allowed.

The cancellation provision is a new negotiation. This would allow the DNR to form a partnership for maintenance of the trail with, for example, a nonprofit organization, such as the Rails-to-Trails Conservancy or GreenWay Alliance.

Ms. Pollack asked about fees for using the trail. Mr. Olson responded that users would purchase a sticker to travel on the trail. The revenue would be used towards maintaining the trail. This was done before and was discontinued. Ms. Pollack asked how high the fees were. Mr. Yauk responded that in the case of the Kal-Haven and Van Buren Trails, the fee was \$4.00 daily and \$20.00 annually. The partners proposed to maintain these trails (Van Buren and Kalamazoo Counties) have asked to have the fee reinstated to generate revenue. Ms. Pollack asked what the anticipated revenue might be. She has concerns about having a fee charged, as some cannot afford to pay to use the trail. Mr. Yauk responded that the partners for the White Pine Trail will not be charging a fee. When they learned that Kal-Haven was going to put the fee back on, they wanted to know how to stop it.

Van Buren County charged a fee the first year to cover their costs. Ms. Pollack asked what that was. Mr. Yauk said they collected \$11,000 and the operating costs were \$7,000. Mr. Olson added that in discussions with the partners fees will be talked about for consistency and affordability.

Mr. Hamp asked if there was any consideration for a uniform system on the trails for labeling and identification. Mr. Olson responded that it would be his desire to have a clear-cut indication that it is a State trail and managed in partnership with whatever local unit(s) of government were involved.

Chairperson Washington asked about the cancellation provision and wondered what motivation a community might have to make improvements to the trail if the DNR can come along and cancel their authority on it at a later date. Mr. Olson responded that the theory behind this provision was how the trail can be managed and not the idea that the trail would go away. When the plan is finished, we will have to be very thoughtful about on what basis the cancellation would occur.

Discussion ensued regarding the fee structure and cancellation provisions.

Mr. Olson continued with the presentation by outlining DNR's goals for the linear trails. They include:

- Provide a uniform trail design and maintenance based on State and federal standards.
- Consistent fees, if fees are allowed.
- Vision to create a trail pass for all five PRD trails.
- Include PILT payment by local unit.

Mr. Olson further stated that PRD is asking the Board for their endorsement of the DNR's direction to secure management partners with local units of government for the five PRD linear trails.

Chairperson Washington stated that he would hope the lease agreement would include language that would assure the public that a local unit of government cannot supersede the intended use of the trail and put regulations on it that the DNR would not have put on the trail. He also made some comments regarding fee structures. Ms. Pollack reiterated her earlier comments that she does not approve of fees being charged for the trails. She does, however, understand the stress of local governments and how they would not want to pay for recreation because they are paying for police and fire services. She suggested perhaps the MNRTF could provide funds for the maintenance.



#### IV. OLD BUSINESS.

##### Proposed Change in MNRTF Board Rules of Procedures (Bylaws).

Chairperson Washington advised the Board this proposed change involved a redefinition of a voting power of the Chairperson. At the present time, under the bylaws the Chairperson does not have a vote other than to break a tie. The rules would change so that the Chairperson would have a vote on issues before the Board.

Mr. Thompson stated that at the last meeting, it was brought to the Board's attention that Mr. Garner had requested the Board review this procedure. Since Mr. Garner was not at the last meeting, this issue was tabled. Mr. Thompson asked Mr. Garner why he thought it was necessary to change this bylaw. Mr. Garner responded that sometimes there is a problem with having a quorum and would need the Chairperson to actually vote. It takes three votes to pass a motion.

Chairperson Washington asked if the only time the Chairperson would vote is in the event of a tie. Mr. Garner stated that he was trying to determine in his review of the bylaws why he questioned this procedure. He would like to table this issue until the next meeting.

**MOVED BY MR. GARNER, SUPPORTED BY MR. THOMPSON, TO TABLE  
THE PROPOSED CHANGE IN MNRTF BOARD RULES OF PROCEDURES  
(BYLAWS) DISCUSSION UNTIL THE JUNE 15, 2005 BOARD MEETING.  
PASSED.**

##### 2005 Nomination Report – Evaluation of Nominations from Resource Divisions.

Mr. James Wood, Chief of Grants, Contracts and Customer Systems, DNR, outlined the 2005 Nomination Report – Evaluations of Nominations from Resource Divisions, for the Board's information. There were five nominations received and were sent to the DNR's land managing divisions for their review and evaluation. Of the five received, two nominations have been submitted as an application – 05-801 (now application 05-143), Bear River Parcel, Melrose Township, Charlevoix County; and 05-804 (now application 05-141), Flowing Well Hatchery and Hunting Camp Acquisition, Excelsior and Oliver Townships, Kalkaska County.

Mr. Thompson noticed that none of the nominations were "within dedicated boundaries." Does this mean the properties are away from other State parcels, or could the properties work on their own? Mr. Wood deferred the question to Mr. Steven DeBrabander of Forest, Mineral and Fire Management Division (FMFM), DNR. Mr. DeBrabander responded that both of the applications that FMFM has submitted are within State Forest boundaries.

Ms. Pollack asked what is the practical difference in terms of public access on the Flowing Well Hatchery and Hunting Camp Acquisition project (05-141) that is already in the State Forest. Mr. DeBrabander responded that this is privately owned land with no public access.

At this point, Chairperson Washington updated the Board on a brief filed by Michigan United Conservation Clubs (MUCC) and others on the Comben case. There were 103 different conservancies, parks and recreation departments, organizations, individuals and groups from around the State that joined MUCC on the brief that was filed with the Supreme Court and accepted. We are now waiting to see if the case will be heard by the court. Mr. Hamp asked if

there was any anticipated date when it may be heard. Chairperson Washington responded that according to MUCC's counsel it should be within the next six months, but there is no guarantee.

## V. NEW BUSINESS.

### 2005 Application Cycle – Application Lists.

Mr. Wood outlined the 2005 application lists for the Board's information. All applications on the lists were received by the primary April 1<sup>st</sup> deadline. Information on the application was entered on GCACS's database as submitted. Staff has not had an opportunity to review in depth, so there may be some typographical or information errors. More detailed information and better reviewed lists will be provided to the Board by June.

There were 148 application received, requesting approximately \$72 million in MNRTF funding.

There are three reports that were provided to the Board – 1) a summary that lists the number and total request amount for development and acquisition applications, sorted by State and local applications; 2) a short "one-line" list sorted by project county and applicant; and 3) a longer list sorted by applicant name that includes a description of the proposed project.

Mr. Wood advised the Board that at the June meeting sponsors of specific acquisition applications are invited to make presentations. The acquisition projects tend to be of uniqueness or high dollar amount. Staff will provide the Board with a list of recommended acquisition projects who will be invited. When the Board receives this list, if there are any other projects they would like hear a presentation, let Mr. Wood know by May 15. Mr. Wood further stated that at the August 17<sup>th</sup> meeting, the DNR will provide a presentation of their projects for the Board's information.

Chairperson Washington noticed that an application from Bear Creek Township for Walloon Lake Access (05-063) was on the list again. The DNR assured the Board that they would be making application on the State's property for development to provide public access on the lake. Mr. Olson responded that PRD will be using funds from the Waterways Fund for development of the public access site.

### TF01-078, Millennium Park Acquisition, Kent County – **PROJECT CHANGE REQUEST.**

Mr. Wood outlined the project change request for TF01-078, Millennium Park Acquisition, Kent County. In 2000 an acquisition project (TF00-328), comprising approximately 345 acres, was granted to the County in the amount of \$1,110,200. One hundred and eighty-five acres of this project became unavailable during the course of completion. The County now has the opportunity to acquire this parcel as part of TF01-078 and staff approves of this request.

Mr. Roger Sabine, Director of Parks, Kent County, further outlined the project change request. There are two parcels that are being requested – Parcel A-1, which was originally part of TF00-328. The landowner had decided not to sell. This parcel was taken out of the grant agreement before it was even executed. The landowner has now decided to sell the property. The grant awarded in TF00-328 was exhausted, but there is funding still available in TF01-078, the County is seeking approval to acquire the 185 acres with funds from TF01-078.

Discussion ensued on amount of acreage for the two projects.

**MOVED BY MR. GARNER, SUPPORTED BY MS. POLLACK TO APPROVE THE PROJECT CHANGE REQUEST FOR TF01-078, MILLENNIUM PARK LAND ACQUISITION, KENT COUNTY, TO ALLOW AN INCREASE IN ACREAGE FROM 276 ACRES TO 346.3 ACRES BY ADDING PARCELS A-1 AND R FROM TF00-328 TO TF01-078. PASSED.**

**TF02-096, Finish Line Park Acquisition, AuSable Charter Township – PROJECT CHANGE REQUEST.**

Mr. Wood outlined the project change request for TF02-096, Finish Line Park Acquisition, AuSable Charter Township. The Township is requesting to modify the project by reducing the total acreage to be acquired from .41 to .18 acres. This request is being made as one of the parcels originally approved to be acquired has been sold and the new owner is not willing to sell to the Township. The reduction in acreage will be commensurate with the reduction of MNRTF funds to acquire the remaining property.

**MOVED BY MR. GARNER, SUPPORTED BY MR. THOMPSON TO APPROVE THE PROJECT CHANGE REQUEST FOR TF02-096, FINISH LINE PARK ACQUISITION, AUSABLE CHARTER TOWNSHIP, TO REDUCE THE SCOPE BY REMOVING PARCEL #2, THE .23-ACRE MILLER PROPERTY AND ALLOWING THE TOWNSHIP TO PROCEED WITH THE ACQUISITION OF THE REMAINING PARCEL #1, THE .18-ACRE MYLES PROPERTY. PASSED.**

**TF89-077, Various Parks and Recreation Area Acquisitions, DNR, Parks and Recreation Division – PROJECT CHANGE REQUEST.**

Mr. Wood outlined the project change request for TF89-077, Various State Parks and Recreation Areas, DNR, Parks and Recreation Division (PRD). This is an exchange of property within the existing Saugatuck Dunes State Park. PRD would like to sell 3.8 acres located in the park, which was purchased with MNRTF assistance, and replace it by purchasing 11 acres, with an additional gift of 20 acres adjacent to the property proposed for conversion and a gift of a walking easement along Lake Michigan. Replacement property of 31 acres plus the easement is also located in the park.

Mr. Thompson asked how much the original four acres cost. Mr. Yauk responded PRD paid \$400,000 for the Fink property.

**MOVED BY MR. GARNER, SUPPORTED BY MR. THOMPSON, TO APPROVE THE PROJECT CHANGE REQUEST FOR TF89-077, VARIOUS PARKS AND RECREATION AREAS, DNR, PARKS AND RECREATION DIVISION TO SELL 3.8 ACRES, PURCHASE 11 ACRES, ACCEPT A GIFT OF 20 ACRES AND A GIFT OF A PERMANENT 132-FOOT WALKING EASEMENT ALONG LAKE MICHIGAN, ALL LOCATED WITHIN THE BOUNDARIES OF SAUGATUCK DUNES STATE PARK, ALLEGAN COUNTY, WITH THE FOLLOWING CONTINGENCY:**

- 1. THAT THE FAIR MARKET VALUE OF THE REPLACEMENT PARCELS IS EQUAL TO OR GREATER THAN THAT OF THE CONVERTED PARCEL.**

**PASSED.**

Chairperson Washington had another item under “New Business” for the Board’s information. He advised the Board that the DEQ will and DNR has been visited by representatives of the oil and gas industry desiring to do a process called “twinning” on certain wells in the northern lower peninsula. Natural gas formations take place at different levels within the earth. The highest level is only about 500 feet below the surface. Normally the wells that have been put in from which oil and gas is extracted and the MNRTF receives revenues are from the two lower, or deeper, structures. If you try and extract the gas from the upper level, because of water problems, water under pressure is driven into the lower levels and prevents proper extraction of the volumes of gas that are in the reservoirs of the lower levels of the earth.

Because of high oil and gas prices, oil and gas industries in many locations would like to do the “twinning” process, which is the sinking of another well within 25 or 30 feet of the existing well, that is only a shallow well that draws off the Antrim high level gas. DEQ and DNR came to MUCC to get an idea what their thoughts were on this.

There are two things he thinks the MNRTF Board needs to consider. First, the DNR does not have totally undisputed title on a number of tax-reverted lands. This is what the Supreme Court lawsuit is about. In his estimation, it is not to the MNRTF’s advantage to support this process, as we don’t know for sure if the fund is entitled to royalties off of this production. Secondly, with the MNRTF under jeopardy from lawsuits that could be directed from the corpus of the fund, it is not advantageous for the fund to continue at an accelerated rate building the corpus of the fund as it provides a bigger target for a lawsuit settlement at some future date.

Chairperson Washington feels that at some point the Board and the DNR need to consider working together with the State Legislature to change some existing law if this does not go well when it comes out in the Supreme Court, so that in some way the people of the State of Michigan are able to maintain and continue the benefits of having a nonrenewable resource replace the extraction of a nonrenewable resource or else all citizens of the State will lose.

Mr. Hamp asked if DNR or DEQ would seek the Board’s opinion. Chairperson Washington responded he feels they will be sensitive to the Board’s view. Mr. Garner also added that DEQ must react to certain applications for this process.

## VI. STATUS REPORTS.

### DNR Real Estate Report

Mr. Wood outlined the DNR Real Estate report for the Board’s information. The report addresses one option for purchase of a conservation easement – TF03-209, CMS Arcadia/Green Point Dunes, with a total purchase price of \$3,975,000. This transaction is to acquire the development rights and public access for recreation, including fishing, hunting and trapping rights.

### Local Projects Completion Report.

Mr. Wood advised the Board that one acquisition and two development projects have been completed since the Board’s last meeting. All three of the completed projects are for trails.

### 2004 MNRTF Annual Report.

Mr. Wood advised the Board that they have been provided with a copy of the report in their Board materials.

Financial Report.

Mr. Wood advised the Board that this report has been updated and members have the new version included in their Board materials received today. At this stage of the year, revenues are estimates on what funds will be available.

Lump Sum Report.

Mr. Wood advised the Board that most of the lump sum accounts are from 2002 and are now starting the option stage of purchase. The last three lump sum accounts listed on the report were just recently passed by the Legislature and funds will be available soon.

VII. OTHER MATTERS AS ARE PROPERLY BROUGHT BEFORE THE BOARD.

Mr. Wood advised the Board that two of GCACS staff have been offered and accepted promotional positions and will be leaving. Mr. Richard Bayus has accepted a planning position at his former firm in Arizona. In addition, Ms. Taunia Sadler, who was the Grants Section Secretary, has accepted the Executive Assistant position to Mr. Alan Marble, Chief of Law Enforcement Division.

Chairperson Washington thanked Mr. Bayus and Ms. Sadler for their service to the MNRTF Board and people of the State of Michigan.

VIII. ANNOUNCEMENTS.

The next meeting of the Michigan Natural Resources Trust Fund Board is scheduled for 9:00 AM, Wednesday, June 15, 2005, City of Big Rapids, Commission Chambers, 226 N. Michigan Avenue, Big Rapids, Michigan.

IX. ADJOURNMENT.

**MOVED BY MR. GARNER, SUPPORTED BY MR. HAMP, TO  
ADJOURN THE MEETING. PASSED.**

The meeting was adjourned at 11:22 AM.

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Sam Washington, Chairperson  
Michigan Natural Resources Trust Fund  
Board of Trustees

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James Wood, Chief  
Grants, Contracts and Customer Systems

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DATE

